

1 MARY ANN SMITH
Deputy Commissioner
2 MIRANDA LEKANDER (CA BAR NO. 210082)
Senior Corporations Counsel
3 DEPARTMENT OF CORPORATIONS
1515 K Street, Suite 200
4 Sacramento, California 95814
Telephone: (916) 322-8730
5

6 Attorneys for Complainant

7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA
9

10 In the Matter of)
11 THE COMMISSIONER OF CORPORATIONS,)
12 Complainant,)
13 v.)
14 CACHET FINANCIAL SERVICES, formerly)
15 known as CACHET BANQ, INC. and AL)
16 BLOWERS, an individual,)
17 Respondents.)
18)
19)

STIPULATION TO ENTRY OF DESIST AND
REFRAIN ORDER FOR VIOLATIONS OF
FINANCIAL CODE SECTION 22100

20 In resolution of an inquiry into unlicensed finance lender activity within the State of
21 California, and without admitting or denying such activity, IT IS HEREBY STIPULATED AND
22 AGREED between Cachet Financial Services, formerly known as Cachet Banq, Inc., and Al
23 Blowers (hereafter collectively "Respondents") and the Commissioner of Corporations
24 ("Commissioner"), as follows:

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1 1. Respondents stipulate to the issuance of the Desist and Refrain Order, in the form
2 attached hereto as Exhibit A, directing Respondents to desist and refrain from unlicensed finance
3 lender activity in violation of the California Finance Lenders Law (Financial Code sections 22100 *et*
4 *seq.*).

5 2. Respondents hereby waive all rights to any hearing or appeal of the Desist and
6 Refrain Order.

7 3. Respondents stipulate that the delivery by certified mail of the executed Desist and
8 Refrain Order issued by the Commissioner to their counsel, Jerry J. Goldstein, Esq. shall constitute
9 valid service of the Order.

10 4. Respondents acknowledge that remedies for violations of the California Finance
11 Lenders Law are not exclusive and may be sought and employed in any combination to enforce the
12 purpose and provisions of this law.

13 5. Respondents agree that nothing in this Stipulation shall preclude the Commissioner,
14 or her agents or employees, to the extent authorized by law, from assisting or cooperating in any
15 investigation and/or action brought by any other federal, state or county agency. Respondents
16 further agree that this Stipulation shall not bind or otherwise prevent any other federal, state or
17 county agency from the performance of its duties.

18 6. Respondents enter into this Stipulation voluntarily and without coercion and
19 acknowledge that no promises, threats or assurances have been made by the Commissioner or any
20 officer, or agent thereof, about this Stipulation.

21 7. This Stipulation is the final written expression and the complete and exclusive
22 statement of all agreements, conditions, promises, representations, and covenants between the parties
23 with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements,
24 discussions, negotiations, representations, and understandings between and among the parties, their
25 respective representatives, and any other person or entity, with respect to the subject matter covered
26 hereby.

27 8. In that the parties have had the opportunity to draft, review and edit the language of
28 this Stipulation, no presumption for or against any party arising out of drafting all or any part of this

1 Stipulation will be applied in any action relating to, connected to, or involving this Stipulation.
2 Accordingly, the parties waive the benefit of Civil Code section 1654 and any successor or amended
3 statute, providing that in cases of uncertainty, language of contract should be interpreted most
4 strongly against the party who cause the uncertainty to exist.

5 9. This Stipulation shall not become effective until signed and delivered by all parties.
6 Respondents further agree that this Stipulation shall not go into effect unless and until the
7 Commissioner receives a cashier’s check from Respondents in the sum of FIVE THOUSAND
8 DOLLARS (\$5,000) in administrative penalties payable to the “California Department of
9 Corporations.” The check must be sent via certified mail to Miranda LeKander, Senior Corporations
10 Counsel, Department of Corporations, 1515 K Street, Suite 200, Sacramento, California, 95814;

11 10. This Stipulation may be executed in one or more separate counterparts, each of which
12 when so executed, shall be deemed an original but all of which, together, shall be deemed to
13 constitute a single document. This Stipulation may be executed by facsimile signature, and any such
14 facsimile signature by any party hereto shall be deemed to be an original signature and shall be
15 binding on such party to the same extent as if such facsimile signature were an original signature;
16 and,

17 11. Each signator hereto covenants that he or she possesses all necessary capacity
18 and authority to sign and enter into this Stipulation

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20
21 Dated: 04/12/13

JAN LYNN OWEN
Commissioner of Corporations

22
23 By _____
24 MARY ANN SMITH
25 Deputy Commissioner

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CACHET FINANCIAL SERVICES (formerly known as CACHET BANQ, INC.)

Dated: 04/03/13

By _____
Al Blowers, individually and on behalf of Cachet Financial Services (formerly known as Cachet Banq, Inc.)

Approved as to Form and Content

Dated: 04/11/13

By _____
Jerry J. Goldstein, Esq,
Attorney on behalf of Al Blowers and Cachet Financial Services (formerly known as Cachet Banq, Inc.)

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Cachet Financial Services (formerly known as Cachet Banq, Inc.)
Al Blowers
750 E. Green Street, Suite 315
Pasadena, CA 91101

DESIST AND REFRAIN ORDER

(For violations of section 22100 of the California Financial Code)

The Commissioner of Corporations (“Commissioner”) finds that:

1. At all relevant times, Cachet Financial Services, formerly known as Cachet Banq, Inc. (hereafter “Cachet”), was a California corporation doing business at 750 E. Green Street, Suite 315, Pasadena, California 91101. Cachet maintains a website at www.cachetbanq.com.

2. At all relevant times, Al Blowers (“Blowers”) was the president of Cachet.

3. According to its website, Cachet is “a national financial services company which provides ACH Processing, Payroll Tax Processing, Garnishment Payments, W-2 Printing & Distribution, New Hire Reporting, Corporate Financing and Drawdown FedWire® services to the Payroll Service Industry and Mid-market to Large Corporate Employers.”

4. Starting as early as April 2011, Cachet has marketed “Corporate Financing” options on its website. An April 2011 press release posted on the website attested to a loan recently made to a customer and explained, “Cachet Banq continues to provide financing to their payroll service partners for equipment/building purchases, mergers and acquisitions, or business expansion.”

5. Between February 2008 and April 2012, Cachet made at least five commercial loans exceeding \$5,000 to its customers. Two of these five commercial loans were made in April 2012; one loan was for \$420,000 with a 6.75% annual interest rate, and the other for \$400,000 with an approximately 7% annual interest rate.

1 6. Financial Code section 22009 defines a finance lender as “any person who is engaged
2 in the business of making . . . commercial loans.”

3 7. Financial Code section 22502 defines a “commercial loan” as “a loan of a principal
4 amount of five thousand dollars (\$5,000) or more, or any loan under an open-end credit program,
5 whether secured by either real or personal property, or both, or unsecured, the proceeds of which are
6 intended by the borrower for use primarily for other than personal, family, or household purposes.”

7 8. Neither Cachet nor Blowers are licensed by the Commissioner to engage in the
8 business of finance lending as required by Financial Code section 22100.

9 Based on the foregoing findings, the Commissioner of Corporations is of the opinion that
10 Cachet Financial Services, formerly known as Cachet Banq, Inc., and Al Blowers have engaged in
11 the business of a finance lender and/or broker in violation of Financial Code section 22100. Pursuant
12 to Financial Code section 22712, Cachet Financial Services, formerly known as Cachet Banq, Inc.,
13 and Al Blowers are hereby ordered to desist and refrain from engaging in the business of a finance
14 lender or broker in the State of California without first obtaining a license from the Commissioner, or
15 otherwise being exempt.

16 This Order is necessary, in the public interest, for the protection of consumers and is
17 consistent with the purposes, policies and provisions of the California Finance Lenders Law.

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19 Dated: April 12, 2013
20 Sacramento, California

JAN LYNN OWEN
Commissioner of Corporations

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22 By: _____
23 MARY ANN SMITH
24 Deputy Commissioner
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